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"Economic imperialism": a view from the periphery☆

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Abstract

Edward P. Lazear, a leading neoclassical economist specializing in labor economics, has recently argued that economic imperialism is successfully colonizing other social sciences as a result of its own scientific status. His account, however, leaves several lacunae, including an explanation for the depth, variety, and timing of economic imperialism. These issues are addressed by emphasizing the importance of recent developments in micro-foundations in rendering economics more palatable to other social sciences that are themselves retreating from the extremes of influence of postmodernism and, like economics, neoliberalism. Further, once questioning the claims of economics as the only rigorous science, and recognizing the understandable antipathies to it by other disciplines, then the latter's interest in renewing contact with the economic is liable to see debate emerge over how to analyze the economy. In this, radical political economy and heterodox economics can play a part, even though they have been dismissed by mainstream economics itself. © 2002 Published by URPE.

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Radical political economists must experience a mixture of gratification and bemusement in finding themselves in agreement with Lazear's (2000a) assessment that economics has been colonizing the other social sciences over the past four decades. It is now occupying territory

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that has previously been the more or less exclusive preserve of other disciplines.[1] Lazear demonstrates a feel for what is going on in, and around, economics that is notably absent from other economists' thinking. This is true both of the other millennium contributions to the special issue of the *Quarterly Journal of Economics* and of, for example, the colloquium contributions to the *Journal of Economic Perspectives*, Vol. 14, no. 1, 2000, an imagined retrospect on economics from 50 years hence. Possibly Lazear's broader perspective is a consequence of his having moved within the University of Chicago from the economics to the business department. He has also made pioneering contributions to "personnel economics," the internal management of firms from the perspective of neoclassical economics in place of psychology and sociology (Lazear, 1995, 1998, 1999a, 2000b).[2] Last, but not least, Lazear freely acknowledges his debt to Gary Becker who is explicit about his imperialistic designs upon the other social sciences.[3]

Nor is Lazear's account of economic imperialism the eccentric meandering of an isolated academic, for the imperialist hypothesis garners support from *The Economist*. In a Christmas issue, it repeats an exercise of 10 years earlier by speculating about who are to become the rising stars within academic economics. Deploying the metaphor of astronomy's big bang, it claims that the previous predictions had been borne out as "the effects of new analytical tools developed in the 1970s spread out from the profession's core like a shockwave." This is a reference to the new micro-foundations of economics, those drawing upon market, especially informational, imperfections. Further, with explicit reference to "economic imperialism," it suggests that, "unlike the stars of the 1980s, today's impressive young academics are using the tools of economics in fields on or beyond the traditional borders of their discipline" (*Economist*, 1998: 143). In particular, "these economists take seriously what every layman knows: that people don't always behave in selfish or even rational ways." *The Economist* had identified two important and closely related developments within economics. On the one hand, it has been colonizing the other social sciences. On the other hand, it appears to be addressing the social in the form of customary as opposed to individualistic behavior.

[1] See also Olson and Kähkönen (2000) who reject the idea of economics as imperialism relative to the other social sciences, since there is no use of armed force or denial of free choice. They prefer the equally revealing metaphor of economics as the metropolis, extending its influence to the social science suburbs. For my first publication positing the current significance of economic imperialism, see Fine (1997a). See also Fine (1997b, 1998a, 1998b, 1999a, 1999d, 2000a, 2000b, 2000c, 2000d, 2000e, 2001a, 2001b, 2001c, 2001d) and Fine and Milonakis (2001)—and Fine (1999c) in debate with Bowden and Offer (1994, 1996, 1999), and Fine (1999b) with Thompson (1997, 1999), and Fine and Lapavitsas (2000), and with Zelizer (2000)—for the general argument as well as for specific case studies. In the absence of precise quantification of economic imperialism, these contributions offer some evidence of its breadth and depth.

[2] The first of these are his published Wicksteed Lectures, and contains material on economics as scientific and rigorous that is reproduced in the "Economic Imperialism" article. The last but one of the contributions is as President of the Society of Labor Economists for which he was founding editor of the *Journal of Labor Economics*.

[3] As Becker (1990: 39) puts it himself, "'Economic imperialism' is probably a good description of what I do."

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Despite this apparent confluence of opinion on what is happening, not surprisingly, Lazear's response is not the only one possible. For his account is (little short of) triumphant,[4] as the only truly scientific and rigorous social science is perceived to be sweeping the board by virtue of its intellectual superiority. Tellingly, for him, other social sciences are more rounded in the problems they pose, but economics is superior in the solutions it offers. The perspective from radical political economy is less sanguine. Dissatisfaction with economics' contribution to the understanding of the economy is hardly conducive to welcoming its extension to other social sciences. The purpose of this response to Lazear, however, is not to rehearse directly what is wrong with mainstream economics, but to address certain anomalies or absences in Lazear's account of economic imperialism itself, and to use these to reveal opportunities for radical political economy.

1. The historical anomaly

The first of these is his acknowledgment that the currently evolving overlap between economics and the other social sciences is not new. Previously, with classical political economy and earlier, there was no separate economics as such. This raises a number of issues. If economics was previously integrated with other social sciences, how and why did it become separate? Further, why once it had become separate, has it successfully sought to become integrated again? And what explains the timing of these developments?

Lazear does not confront these issues, concerned with the history of economic thought and the sociology of knowledge more generally. The possible exception is an implicit, if limited, explanation for the current phase of imperialism. It rests on the purported superiority of economics as a science, with emphasis being placed upon its positing empirically refutable hypotheses, leading to three features in particular: its focus upon individual optimization, equilibrium, and efficiency. However, whatever the merits of this account of contemporary mainstream economics, it cannot apply to classical political economy, for it is notably based on classes, rather than individuals, and on the prospects for accumulation, rather then equilibrium or efficiency as such. Presumably, until the marginalist revolution of the 1870s, economics was caught in a low-level equilibrium that allowed for it to be integrated with other social sciences, but not to be a science. Indeed, it is appropriate to understand the marginalist revolution as having established much of economics as we know it today by breaking with classical political economy. It did so not merely by becoming scientific in Lazear's terms, but also by creating a science of the economy by separating the economy from society. Economics became exclusively concerned with market relations, as in supply and demand, with only limited reference, until recently, to the broader social relations within which the economy is embedded.

In short, the marginalist revolution was responsible for taking the social (or the political) out of the economy. It did so in part because of the simultaneous emergence of other social science

[4] The parenthesis has been added in deference to a referee who has pointed out that Lazear (2000a) claims superiority for the rigor of economics on no less than twelve occasions.

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disciplines, but also because of perceived limitations in the scope of application of marginalist principles. Significantly, Talcott Parsons, well trained in economics, hardly a radical, and to become the leading figure in sociology, was adamantly opposed to the integration of the two disciplines. This was because he saw them as dealing in different methods, not subject matters, with the social and the individual being targeted for sociology and economics, respectively.[5] Indeed, indirectly on this score, so concerned was the first generation of marginalists with not claiming too much explanatory power for their principles, especially against the weight of tradition supplied by classical political economy, that acceptance of general equilibrium was considerably delayed as opposed to partial equilibrium. There was considerable resistance to the idea, a corollary of general equilibrium, that distribution, as the prices of labor, capital, and land, is little more than an application of price theory. It was only in the second half of the 20th century that general equilibrium gained acceptance, its rise complementing the decline of distribution theory.[6]

The lingering commitment to the idea that distribution had something to do with classes or institutions, for example, as opposed to individuals and marginalism, is indicative of a more general reluctance to extend marginalist principles beyond the bounds of the market. The associated definition of the subject matter of economics determined the boundaries between mainstream economics and the other social sciences, divisions reinforced by differences in methodologies. From a logical point of view, however, there is nothing in principle that constrains economics to be confined to a study of market relations. Its underlying principle of rationality as individual utility optimization, and its raw materials of preferences, factor endowments, technology, and so on, are broadly applicable across all social and historical contexts.

In short, this highly stylized account of the history of economic thought just seeks to provide some reason for the marginalist revolution being responsible for taking the social out of economics, whilst retaining the capacity to reintroduce it. As Lazear hints, the associated economic imperialism that this makes possible has a longstanding presence.[7] But, especially in the work of Gary Becker, it is only over the last few decades that it has flourished. To a large extent, however, this has rested upon the prominence of human capital theory, a concept rather

[5] For a full account, see Velthuis (1999). See also Connell (1997) for the argument that the "classical" sociology of Marx, Weber, and Durkheim arose out of confrontation with the consequences of economic imperialism in practice as the colonies were experienced as "other." But such sociology only became classic once the discipline had been given respectability by Parsons. Significantly, by contrast, mainstream economics has always set aside the "market imperfections" associated with economic imperialism, the violence that accompanies the supposedly free market. See Perelman (2000).

[6] See Fine (1982) for a fuller account and, in the context of economic imperialism, Fine (2000c).

[7] As cited in Fine (1999a), Swedberg (1990a: 14) traces the notion of economic imperialism back to the early 1930s. However, even as late as 1984, Stigler (1984: 12–13) concludes his discussion in terms of colonization being prospective rather than achieved:

> Heinrich Gossen, a high priest of the theory of utility-maximizing behavior, compared the scope of that theory to Copernicus' theory of the movement of the heavenly bodies. Heavenly bodies are better behaved than human bodies but it is conceivable that his fantasy will be approached through the spread of the economists' theory of the behavior to the entire domain of the social sciences.

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than an approach that, significantly, has been integrated more or less informally into other social sciences without unduly displaying alien assumptions from perspectives other than economics: the supply and use of education as if it were a product rather than a socially constructed process. This is not to deny the prominence of the more recent of Becker's contributions, for the household and crime for example. But these have been supported by a political and ideological climate of neoliberalism in which it has been argued that the world should be made as far as possible like a market, the "as if" market basis on which Becker's work has primarily proceeded.[8] Significantly, little more than a decade ago, Becker's economic imperialism was being treated with some contempt by his fellow economists for seeking to extend analysis based on individual rationality to areas where it was simply inappropriate (Swedberg, 1990b).

Further, the attempted extension of such methodological individualism or rational choice to other social sciences is not new. It has long been rejected by many for its unacceptable reductionism of the social to the aggregate of individuals and crude optimizing behavior. This all suggests there is more to the social in the social sciences than is acknowledged as legitimate by Lazear. Failure to recognize this deepens the explanatory silence over the ebb and flow between economics and other social sciences as overlapping disciplines.

The current success of economic imperialism, and its more general chronology, cannot be explained, then, as is implicit in Lazear's account, simply by virtue of its presumed scientific superiority. What Lazear tends to overlook are recent developments within the discipline that have both prompted its external push and made economics more acceptable to other social sciences. In brief, the new micro-foundations or information-theoretic economics is able to explain, not to assume, market imperfections on the basis of individual optimization, and to show how these lead not only to economic structures but also to non-economic structures. The world is to be interpreted as the economic and non-economic responses to market (especially informational) imperfections, endogenizing economic and social structures and relations, including institutions, customs, and norms. Such developments have opened up and appropriated the subject matter of the other social sciences in ways that are not possible through simple extension of the "as if" perfect market to non-market applications.

2. The anomaly of scope

In this light, a second anomaly arises through this refinement of Lazear's account. It concerns the, in part, understandable self-serving selectivity of the examples he has chosen. By way of contrast, the impact of economic imperialism, both in terms of timing and impetus, is well illustrated in different ways by two applications that are not mentioned by him, although he does make much of finance that has been dominated by the new micro-foundations. One is the new development economics (and development studies more generally), in which developing countries are perceived to be particularly prone to market imperfections and associated deficiencies in economic and social structures and norms, etc. Specifically, with Joe Stiglitz in the vanguard, an attempt has been made to displace the Washington by the post-Washington

[8] See Carrier and Miller (1998).

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consensus, with the full range of development issues being appropriated by economists.[9] This is an elementary example of how the new as opposed to the old economic imperialism is at the forefront taking, as its point of departure, the tradition associated with Akerlof (and his market for "lemons") as opposed to Becker (and his as if market for anything).[10] The new has different principles, those based on market imperfections, and is wider and deeper in colonizing potential.

The other example of interest not raised by Lazear is the new economic history or cliometrics. This had previously been based upon the old Becker-type economic imperialism. As such, it drove a wedge across the discipline, with dissidents rejecting the as if perfect market approach to economic history for neglect of institutions, culture, and the like.[11] Even Douglass North, one of the discipline's founding fathers and, as such, Nobel prizewinner for economics, came to reject the approach for its narrowness. Now, however, a "new and improved" economic history is on offer, in which the sins and omissions of the past are confessed and prospectively rectified by drawing upon the new micro-foundations. Institutions and customs are, for example, incorporated and understood in terms of path dependence.

This discussion has already revealed that Lazear's coverage of economic imperialism is selective rather than comprehensive. Whilst this can be justified on illustrative grounds, the question remains of the directions and depth of penetration of economic imperialism. Of particular interest are the exceptions that both reveal and prove the rule, that is the no go areas for economics, which also serve as extreme examples of the uneven success of economic imperialism. One, ranging across all social science disciplines and a variety of objects of study, is provided by postmodernism. Initially, observe that (mainstream) economics is more or less unique in not having been influenced in any way whatsoever by postmodernism, even though it has arguably been the most important development across the social sciences in the period of strengthening economic imperialism.[12] It follows that mainstream economics can only appropriate the subject matter of other social sciences by stripping them of any of the varied content associated with postmodernism. The reason why is relatively simple. Postmodernism is concerned with the social construction of the meaning of objects and activities even, *in extremis*, by denying that they are rooted in the material world given the subjectivity of individual interpretation and experience. This simply lies outside the domain of economics with its verities over the meaning of everything, albeit in the presence of informational imperfections. Significantly, Lazear mentions language and religion as examples of economic imperialism. But these are effectively understood purely in terms of "membership," incentives, and

[9] See Stiglitz (1998) for explicit launch of the post-Washington consensus, and Fine, Lapavitsas, & Pincus (2001) for critique. Strangely, Lazear has no reference to the work of Stiglitz despite his prominence in the new financial economics. Note that in his study of socialism, Stiglitz (1994) manages over 100 references to his own information-theoretic work.

[10] As argued in Fine (2001a: Chap. 3), matters are not so simple since Becker (1996) has regained partial claim to a vanguard position by being in the lead amongst economists in deploying the notion of social capital.

[11] See Lamoreaux (1998) and, for a critical assessment of the renewed assault of economics on economic or business history, Fine (2000b) and Fine and Milonakis (2001).

[12] See Cornwall (1997) for a heterodox contribution that reflects postmodern influences.

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transaction costs rather than the source and construction of meaning.[13] The absence of meaning in economics is apparent in its abstract formalism, in which mathematical symbols stand for variables that are related to one another through mechanical models.

Significantly, the importance of acknowledging the critical (re)construction of concepts has long been understood within the physical sciences that Lazear takes as his model for economics. Consider, for example, the position adopted by Thomas Kuhn, a central figure in the debate over the nature of science, even if often now by way of departure.[14] In positing the distinction between normal and revolutionary science, Kuhn (1970: 234) observes of Popper, and the attempt to defend a besieged notion of falsifiability, that:

> He and his followers share with more traditional philosophers of science the assumption that the problem of theory-choice can be resolved by techniques which are semantically neutral . . . canons of rationality thus derive exclusively from those of logic and linguistic syntax.

He concludes that (235):

> Philosophers of science will need to follow other contemporary philosophers in examining, to a previously unprecedented depth, the manner in which language fits the world, asking how terms attach to nature, how those attachments are learned, and how they are transmitted from one generation to another by the members of a language community.

What is true of the natural world is surely even more apposite for the social world. As a result, the "science" and "rigor" on which Lazear, in part correctly, rests his explanation for the success of economic imperialism is paradoxical. For, across all other disciplines, and especially where methodology and the nature of science are explicitly addressed, the stance of economics in practice has long since been rejected.[15] Yet, it is its very simplicity and disregard of the issues raised by the problems attached to notions of science that allow it to sweep forward so effortlessly.

Such absences within economics, the unproblematic universalization across time, space, and context of its basic concepts, mean that, except in the limited way suggested, its imperialism cannot appropriate social science with a cultural content (unless understood as imperfect information). One result is that anthropology, with its traditions of ethnography, has not been subject to colonization, except in an economic anthropology that essentially extends neoclassical economics to non-market societies.[16] Another striking example, cutting across disciplines, is provided by consumption. Lazear in part organizes his examples of economic imperialism

[13] Lazear is modest in referencing his own claims as economic imperialist, but does list his contribution in this vein to "Culture and Language," Lazear (1999b).

[14] For economic imperialism in light of debate over Kuhnian revolution in (social) science, see Fine (2001d).

[15] Falsifiability as such has long since been rendered redundant within discussions of economic methodology, leading to methodologies as diverse as McCloskey's (1986) rhetoric and Lawson's (1997) critical realism, on which see Boylan and O'Gorman (1995). The latter refer to a post-positivism phase as prevailing in economic methodology over the last quarter of a century, whose desperate attempts to rescue falsifiability, and more, have proved futile (pp. 27).

[16] For one exception, appropriating the gift, see Offer (1997) and Fine (2000e) for a critique.

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under two broad headings. Although one of these is consumer theory[17] and contains subheadings for tastes, demography, discrimination, the family, and social interactions, it bears no point of connection with postmodernism. This is despite what can only be described as an explosion of literature on consumption across the social sciences,[18] the vast majority of which is influenced to a greater or lesser extent by the need to address the meaning of consumption to consumers. It is not and cannot be touched by Lazear's economic imperialism.

3. The anomaly of resistance

This all leads to a third limitation of Lazear's account. To parody, he provides a supply-side explanation: why and how economists are colonizing other social sciences because of their superior "scientific" and "rigorous" production frontier for explanation. With minor exceptions, such as the suggestion that there is two-way traffic with non-economists appropriating economic analysis, he fails to examine the demand-side. To what extent do the corresponding developments within economics conform to existing tastes of non-economists, or are the latter shifting their preferences? From Lazear's perspective, presumably some sort of diffusion model would be appropriate in which the preferences of non-economists, and the content of their work, gradually adjusts to acceptance of economic imperialism. This might, with some ingenuity, explain what is an uneven and complex, at times perverse lack of, spread of economic imperialism. A very different explanation is offered here.

First, Lazear's claims for the scientific status of economics relative to other social scientists is not accepted by them. Indeed, as already discussed, his notion of economics as scientific because of its commitment to falsifiability, and his understanding of the physical sciences in these terms, is ante-diluvian from the perspective of all of those working within methodology, and even from the perspective of those working on economics methodology. It is questionable whether economists actually engage in such forms of scientific endeavor, irrespective of their validity. Such insights have generally been accepted by those who study the matters seriously, despite many economists having false image of themselves, at least since the debate over Kuhn

[17] This might be loosely thought of as the demand as opposed to the supply-side factors examined under the theory of the firm.

[18] The varied methods and theories of investigation of consumption both within and across the social sciences is evidenced by a number of surveys, which are often necessarily partial, specialized, and rapidly dated in their coverage: Fine and Leopold (1993), Miller (1995), Gabriel and Lang (1995), de Grazia and Furlough (1996), Holbrook (1995), and Fine, Heasman, & Wright (1996), for example. More recently, see Fine (2000e). The selective bibliography of Furlough in de Grazia and Furlough (1996) runs to 20 pages, including sections on conceptualizations; historical perspectives; distribution, retailing, and shopping as sites of consumption; marketing and design; spectatorship and reception; production of representations; domesticity, household, and the family: sexuality, bodies, clothing, and beauty as appearance; and politics and ideologies of consumption. On shopping alone, the brief history and selected literature of Hewer and Campbell in Falk and Campbell (1997), also of 20 pages, addresses typologizing (instrumental and recreational, gendering), economics, geography, history, literature, marketing, psychology, and sociology. The unlimited scope for the study of consumption, however, arises out of its being attached to the formation of identity, for which anything goes.

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and normal science was open and closed, whether applied to the sciences, social sciences, or economics.[19]

Second, the vast majority of social science continues to remain hostile to the methods and assumptions of economics as well as its methodology. Nor is this simply and primarily a matter of intimidation by mathematical and statistical technique (the economist's knee-jerk claim for their own as science and others as lacking rigor). Individual optimization, equilibrium, and efficiency are alien to non-economists unless adopting a rational choice approach. Their preferred starting point is the social and the dynamics of change (or not), without necessarily focusing upon notions of efficiency that are questionable in a world of constructed meanings. And a powerful, if not overwhelming, case can be made in favor of the social as starting point, since no individual ever sprang into action with fully formed preferences and a blank historical context.

Third, then, having knocked away Lazear's superior supply-side explanation for economic imperialism, both for its content and for its timing and incidence, what is to be put in its place? As already argued, there have been developments within economics that have made it more palatable to the other social sciences. With a shifting boundary between the exogenous and the endogenous, with the latter now including the social (such as institutions, customs, and norms), common analytical terrain and language have been forged between economics and the other social sciences. Previously one ended where the other began, although Becker-type imperialism sought less successfully to conquer rather than to assimilate through the weapon of non-market as if market. In addition, as with human capital theory, considerable emphasis should be placed upon what is often the informalized incorporation of economics into other social sciences. The methods and assumptions upon which economic analysis is based tend thereby to be tempered and even transformed as they cross the great divide into other social sciences. This often leads to paradox and inconsistency with, for example, human capital sitting uncomfortably within a class analysis or, indeed, attached to any of the traditional variables of social theory.

One reason, then, for the increasing success of economic imperialism is that it has endogenized the social, as non-market responses to market imperfections. There have also been relevant internal developments within the other social sciences. At a general level, there is a retreat from the extremes of postmodernism, with its undue emphasis at times upon subjectivity as opposed to objectivity. In short, there is a wish to return to the examination of the impact of material factors, of which the economic is one. Social science is increasingly open to incorporation of an economic content. However, the influence of postmodernism across the social sciences has been uneven and, by the same token, so is the retreat. Consequently, the uneven success and content of economic imperialism results by virtue of the rhythm of influence of postmodernism as well as the internal structure, dynamics, and traditions of recipient disciplines (and economics).

[19] For discussion of Kuhn across the social sciences, see Gutting (1980). For the continuing questioning of economists as upholding their (false) notion of science in practice, see Blaug (1980), McCloskey (1986), and Lawson (1997), for example.

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Such internal factors are complemented by the external intellectual and ideological environment. Becker-type economic imperialism was heavily conditioned by neoliberalism. As with the post-Washington consensus for development, so there is now a reaction against neoliberalism, with a desire to pick a path between it and the statism associated with the discredited socialist bloc. In this light, it is unfortunate that Lazear should have placed so little emphasis upon the new micro-foundations in his account.[20] Within economics itself, it provides for the revival of (a pale version of) Keynesianism, as well as for an understanding of the economic and the non-economic in terms of market imperfections. Such perspectives are equally attractive to non-economists, seeking to complement economic with social analysis and engineering. In short, economics now provides social science with a rationale for (limited) economic and social interventions.

4. The prospects for radical political economy

With some exceptions, it is possible that Lazear would accept the comments offered here as enriching his own contribution. The picture that emerges so far is of a tripartheid division between economics as such, a terrain of colonized social science, and an economics-free zone retreating into an exclusive concern with "culture" as the social construction of meaning. As Slater (2000) observes:

> The division between economic and socio-cultural analysis constitutes a kind of deep structure of modern western thought. While it has been a favorite pastime of critical thinking since early modernity to attack the formalism of economic theory, we have been less good at reflecting on how critical and cultural analysis has itself been structured by this opposition. Essentially, critical thought has generally accepted the same terms of engagement as does economics, in which culture and economy are seen as macrostructures operating on each other as externalities; each sees the other as a global force or potential impurity pressing on it from outside.

But this analytical landscape leaves aside an important element, not surprising in view of Lazear's own orthodox persuasion as an economist. This is heterodox economics or radical political economy as opposed to the new political economy, the latter serving as an example of economic imperialism based upon rational choice.

Here two points are of crucial significance. First, from within economics, radical political economy has itself been subject to a devastating pincer movement. On the one hand, in contrast to other social sciences, mainstream economics has been extraordinarily and increasingly intolerant of alternatives, especially in view of the Americanization of the discipline.[21] On the other hand, radical political economy has itself been subject to economic imperialism.

[20] This is surprising, as much of Lazear's work is based on the problem of incentive compatibility in the context of imperfect information.

[21] See especially Coats (1996), Hodgson and Rothman (1999), Lee and Harley (1998), King (2000), and Bernstein (1999).

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This is particularly pronounced, for example, in labor market analysis.[22] As a result, radical political economy has not been able to prosper within economics. Where it has been able to establish a marginal foothold, it is only at the expense of succumbing to the dubious charms of the mainstream (in concepts, techniques, and method) whilst presenting itself as a fierce opponent.[23]

Second, then, radical political economy is liable to seek a home within other social sciences that are more tolerant of its approach. As social science seeks or is pressed to incorporate an economic content, there is liable to be debate over the middle zone. Economic imperialism will be contested both for its economics and for its imperialism, not least because social science other than economics is generally and traditionally more comfortable in method and assumptions with political economy than with mainstream economics. In addition, political economy offers the student of the real world certain attractions that are notably absent from the dismal science.

It is worth emphasizing the virtues, certainly the distinctiveness, of political economy, both as a means for understanding contemporary capitalism and for engaging in a genuine dialogue with other social sciences. The contrast is with a rampant economic imperialism that betrays little knowledge of, let alone respect for, empirical realities and methodologies that are not, respectively, reducible to statistical data and mathematical modeling.[24]

First, political economy is holistic, attempting a systemic analysis of the workings of the economy as a whole and independent of the otherwise isolated individuals who comprise it. Second, it takes social and economic structures and relations as its starting point, thereby placing emphasis upon class and stratification more generally. Third, by the same token, notions of power and conflict come to the fore, how they are forged and how they are exercised, not least through the state and internationally. Fourth, economic categories are subject to critical examination and reconstruction in meaning as opposed to a closed and a historical understanding of the economy as inputs and outputs, production and utility, etc. with a corresponding need to divide variables into exogenous and endogenous, even if the boundary between the two shifts in favor of the latter as economic imperialism proceeds. Last, systemic tendencies and processes, such as globalization, monopolization, and uneven development, are explained on the basis of the imperatives of profitability and capital accumulation, as opposed to more or less harmonious and efficient market (and non-market) coordination of aggregated individual optimizing strategies.

In short, Lazear's apparent prognosis of an increasingly triumphant economic imperialism is not only to be regretted, but also to be questioned, for the outcome of the intellectual conflicts around the place and sort of economics within social science is far from pre-determined. A variety of outcomes are foreseeable across disciplines and topics. These depend upon the extent

[22] This is most evident in segmented labor market theory. Little more than a decade ago, it was considered unacceptable. Now, it is part of the mainstream. See Fine (1998a) and also Spencer (1998). Further, as evidenced by Lazear's own work, industrial relations has been transformed into human resource development, personnel economics, or the like and, as such, reduced to problems of incentive compatibility and transaction costs, etc.

[23] An exemplary illustration is provided by Bowles and Gintis (2000), in the *Quarterly Journal of Economics*.

[24] Blaug (1998: 11) reports a U.S. survey finding a lack of interest in the real world on the part of elite graduate economics students as opposed to their highly tuned knowledge of econometrics and mathematical economics.

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both of the revival of political economy outside economics and of the genuinely cultural or social content incorporated into the middle zone, where debate over the economy as a social system, dominated by capitalism, is liable to be to the fore. By way of summary and strategic implications for those engaging in radical political economy, a number of points are posited.

- Across the social sciences, there is currently an intellectual retreat from the excesses of both postmodernism and neoliberalism, although their presence, and especially their continuing influence, remain strong.
- Economics as a discipline is dominated by an increasingly esoteric and intellectually bankrupt technicism that is absolutely intolerant of alternatives, and only allows for them to survive on its margins. Despite its fragilities, there is no sign that this situation is liable to change as a result of "implosion" through internal developments or critique within the mainstream.
- Paradoxically, though, the influence of economics on other social sciences in terms of methodology, concepts, and approach is stronger than at any time in the postwar period. The depth, extent, and nature of its influence by topic and discipline are diverse, not least in light of continuing traditions and content of other social sciences.
- Much of the current influence of mainstream economics arises out of the new information-theoretic economics, through which both the economic and the social (treated as mutually exclusive opposites) are perceived as the response to market, especially informational, imperfections. This involves, on the one hand, an extraordinary reductionism of the social to informational imperfections while, on the other, considerable scope for inscribing (bringing back in) the social by plunder of concepts and insights from other social sciences (ranging from trust and customs to institutions, etc.).
- In the realm of methodology, the social sciences remain generally hostile to the methods and postures of mainstream economics, when they are explicitly confronted rather than informally incorporated. Nevertheless, rational choice adherents have made much headway in sociology, political science, history, and elsewhere.
- Within mainstream economics itself, despite the absolute dominance of methodological individualism in its current form, and the widespread belief in the harmonious and potentially optimal, if at times flawed, properties of free market capitalism, there is no unified ideology comparable to postwar Keynesianism or mid-19th century Ricardianism. Orthodoxy is more a matter of adhering to technique and adopting a certain approach in resolving theoretical and empirical problems. The diffuse nature of the new orthodoxy (its postures are contingent on the incidence and nature of market imperfections) makes challenges to it more difficult and less influential (unlike the challenge to neoliberalism). Equally, there is a weakened appeal as far as other disciplines are concerned where the social and the systemic are taken as starting points.
- The prospects for political economy are not positive within economics as a discipline. They look far more encouraging as social theory addresses and embraces the need for an economic content. Political economy has the potential to compete successfully with mainstream economics across the social sciences in view of its more acceptable methods and theory to them. Nonetheless, social theory remains marked by the bifurcation between the social and the economic. Knowledge and use of political economy is fragmented and mixed, as well as arbitrary and ill-informed. There is a need for a renewal of core material

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from political economy, both targeting social sciences as a whole and specific issues and disciplines. In short, the battle for political economy and for how the economy is to be understood is liable to be situated outside economics as a discipline, and more across the other social sciences where, if appropriately engaged, political economy has great potential to prosper.

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